PSJ3

Exhibit 566

Status Report to CAH Sr. Management: SOM Enhancements and QRA 20-Day and 120-Day Plans to Effectively Address 2012 MOA

May 31, 2012

Topics to be Covered

- Highlights of Cardinal Obligations required by the 2012 MOA effective May 14, 2012
- Overview of QRA enhanced processes and practices to effectively address the MOA
- A 20-day plan to prepare for the investigation of pharmacies subjective to controlled substance diversion in the state of Florida commencing on June 3rd, 2012
- A 120-day plan to prepare for the investigation of pharmacies subjective to controlled substance diversion in all states commencing on September 11th, 2012
- Major Changes to the Program
- Major Risks and Challenges

Highlights of MOA Requirements

The Administrative Memorandum of Agreement (MOA) is applicable to Cardinal and all 28 Cardinal DEA registered distribution facilities. Obligations will be applicable for 5 years starting from May 14, 2012 unless DEA agrees in writing to an earlier termination

SOM	▪ Maintain a compliance program designed to detect and prevent diversion of controlled substances per CSA and DEA regulations, as applicable
Site Visits	▪ Develop site visit procedures to ensure that any customer who places suspicious orders will receive a site visit or an anonymous site inspection (based on he totality of the circumstances) – Within 20 days, i.e., by June 3, 2012 the site visit procedures should be executed in the state of Florida – Within 120 days, i.e., by September 11, 2021, the site visit procedures should be implemented in all states
Thresholds	▪ Enhance QRA processes and practices, heightening thresholds establishing and re-setting. The enhanced processed and practices, applicable to all states including Florida, will require two-person concurrence for higher volume customers for specific drug classes
Suspicious Orders	▪ Report orders that are identified as suspicious to DEA Headquarters in a format mutually and reasonably agreed upon by DEA and Cardinal
Large Volume Review	▪ Create LV-TAC with a team of designated personnel to review and make decisions regarding higher-volume retail and chain pharmacy customers in all states including Florida
Due Diligence	▪ Enhance existing processes and practices for conducting due diligence on customers in all states including Florida
Sales Reporting	▪ Report to DEA (in the mutually agreed Electronic Data Interchange format) all sales transactions of controlled substances as well as tramadol needs to be provided to DEA headquarters by 15th of each month
Lakeland Suspension	▪ Suspend Lakeland distribution center from distributing controlled substances until May 15, 2014

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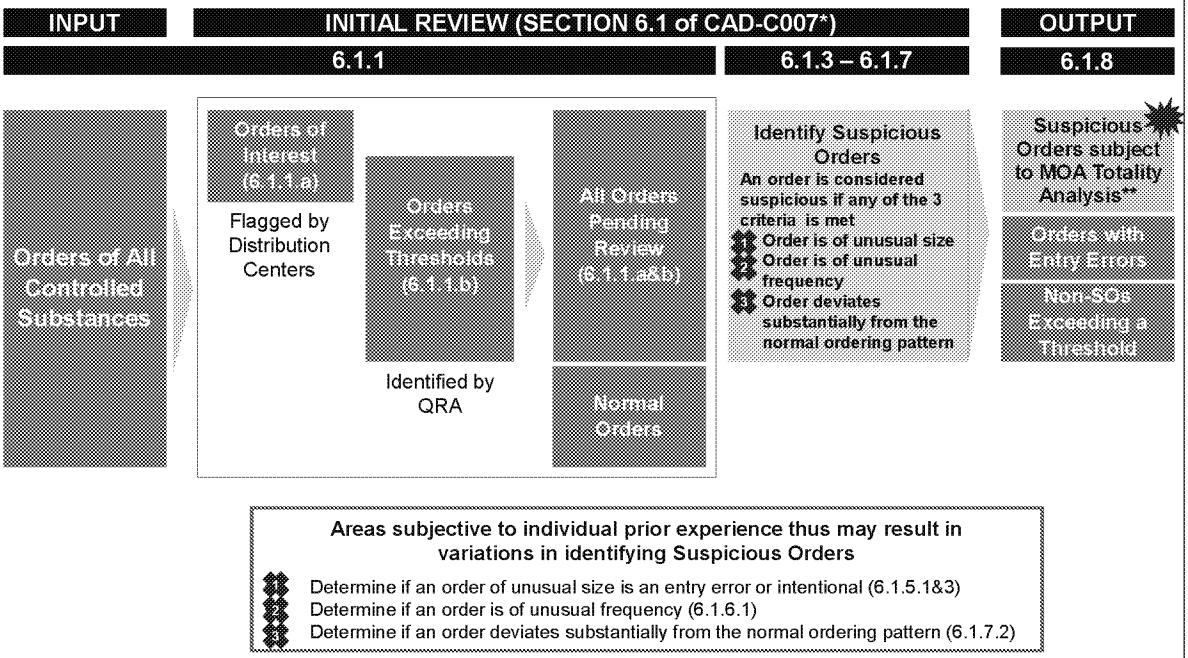
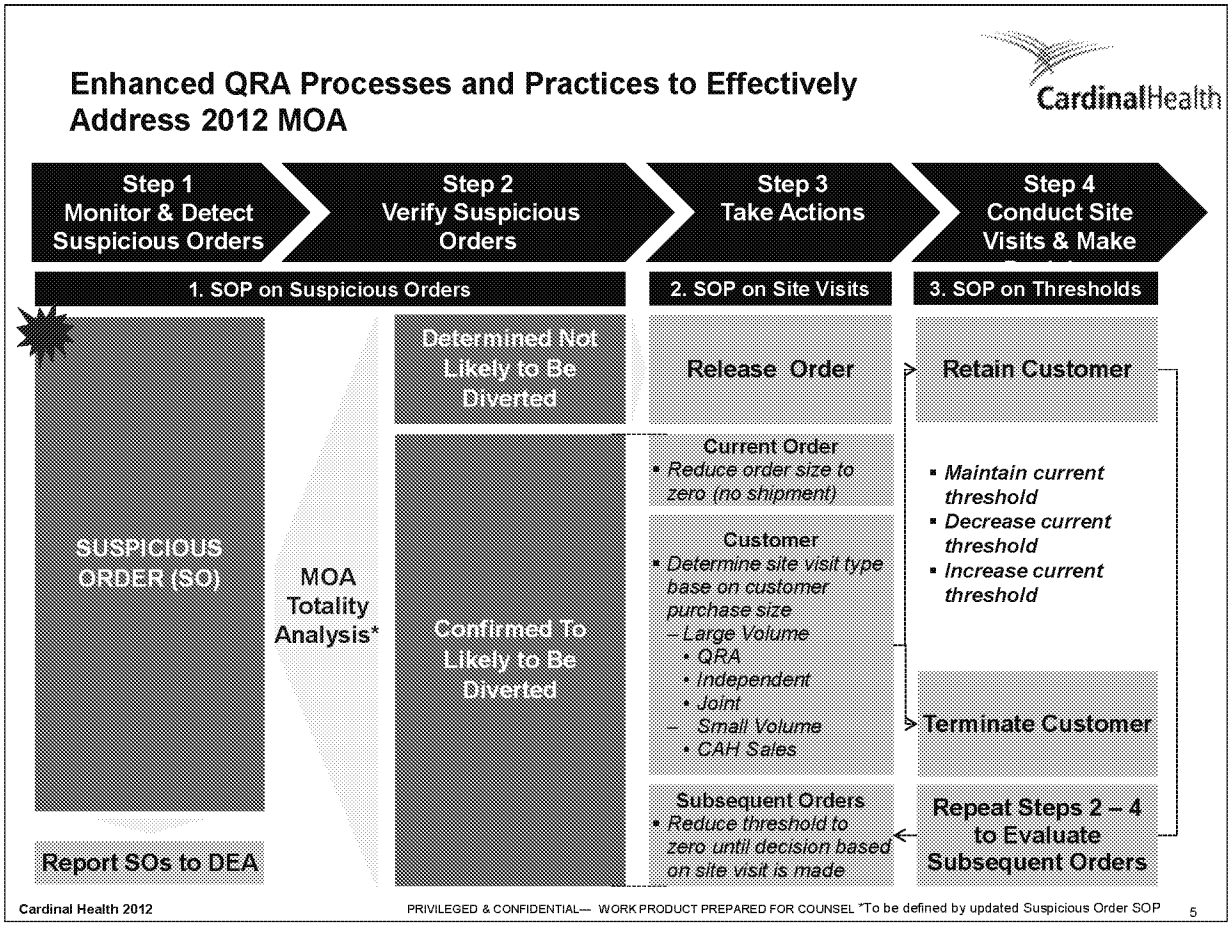
Current process used to identify suspicious orders subject to MOA Totality Analysis



Areas subjective to individual prior experience thus may result in variations in identifying Suspicious Orders

- Determine if an order of unusual size is an entry error or intentional (6.1.5.1&3)
- Determine if an order is of unusual frequency (6.1.6.1)
- Determine if an order deviates substantially from the normal ordering pattern (6.1.7.2)

Source: *PDQRA-CAD-C007: Detecting and reporting suspicious orders and responding to threshold events, **To be defined by updated Suspicious Order SOP


Enhanced QRA Processes and Practices to Effectively Address 2012 MOA
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Step 1 Monitor & Detect Suspicious Orders
Step 2 Verify Suspicious Orders
Step 3 Take Actions
Step 4 Conduct Site Visits & Make
1. SOP on Suspicious Orders
2. SOP on Site Visits
3. SOP on Thresholds
SUSPICIOUS ORDER (SO)
MOA Totality Analysis*
Report SOs to DEA
Determined Not Likely to Be Diverted
Confirmed To Likely to Be Diverted
Release Order
Current Order
• Reduce order size to zero (no shipment)
Customer
• Determine site visit type base on customer purchase size
– Large Volume
• QRA
• Independent
• Joint
– Small Volume
• CAH Sales
Subsequent Orders
• Reduce threshold to zero until decision based on site visit is made
Retain Customer
• Maintain current threshold
• Decrease current threshold
• Increase current threshold
Terminate Customer
Repeat Steps 2 – 4 to Evaluate Subsequent Orders
Cardinal Health 2012
PRIVILEGED & CONFIDENTIAL— WORK PRODUCT PREPARED FOR COUNSEL *To be defined by updated Suspicious Order SOP
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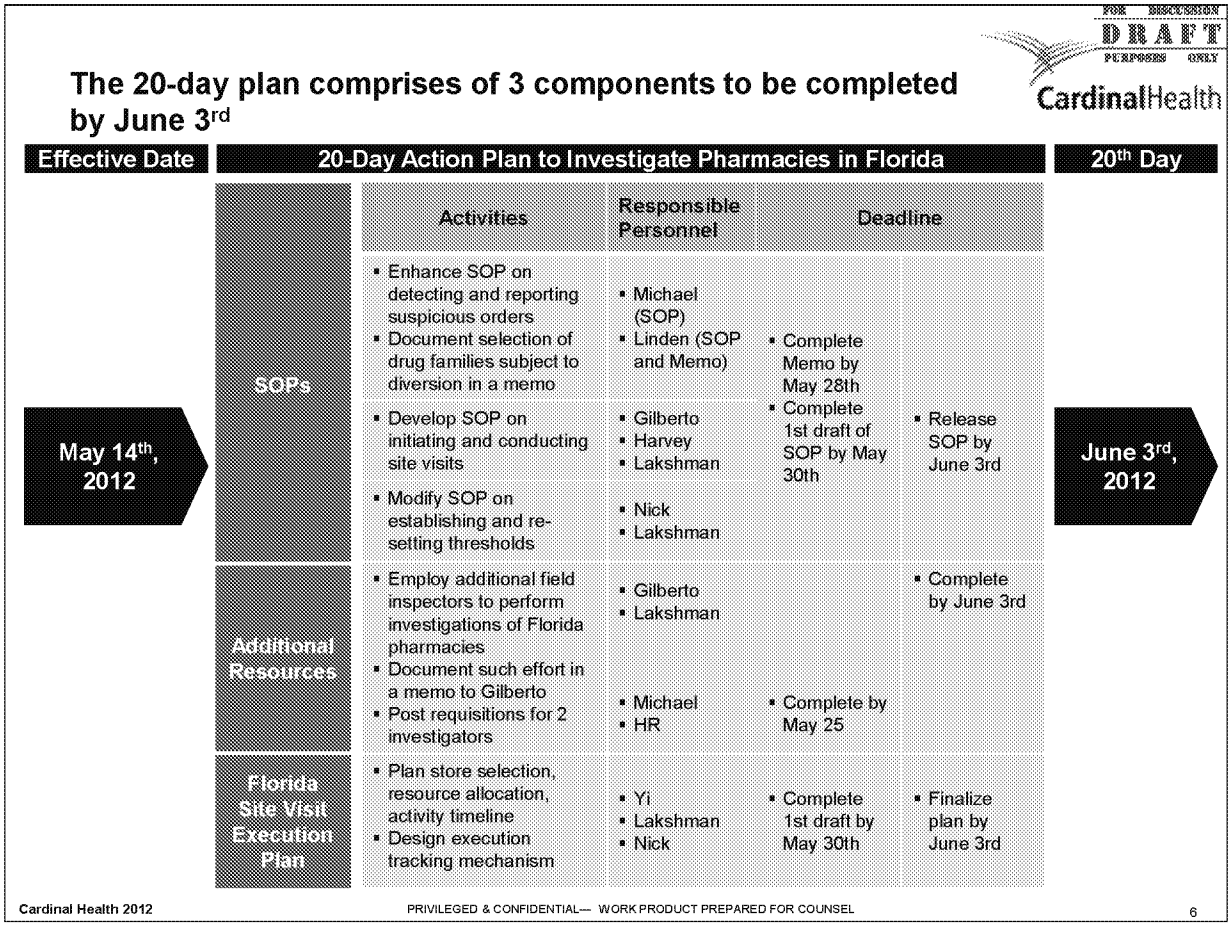

The 20-day plan comprises of 3 components to be completed by June 3rd

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Effective Date	20-Day Action Plan to Investigate Pharmacies in Florida				20th Day
		Activities	Responsible Personnel	Deadline	
May 14th, 2012	SOPs	▪ Enhance SOP on detecting and reporting suspicious orders ▪ Document selection of drug families subject to diversion in a memo	▪ Michael (SOP) ▪ Linden (SOP and Memo)	▪ Complete Memo by May 28th	June 3rd, 2012
		▪ Develop SOP on initiating and conducting site visits ▪ Modify SOP on establishing and re-setting thresholds	▪ Gilberto ▪ Harvey ▪ Lakshman ▪ Nick ▪ Lakshman	▪ Complete 1st draft of SOP by May 30th	▪ Release SOP by June 3rd
	Additional Resources	▪ Employ additional field inspectors to perform investigations of Florida pharmacies ▪ Document such effort in a memo to Gilberto ▪ Post requisitions for 2 investigators	▪ Gilberto ▪ Lakshman ▪ Michael ▪ HR	▪ Complete by May 25	▪ Complete by June 3rd
	Florida Site Visit Execution Plan	▪ Plan store selection, resource allocation, activity timeline ▪ Design execution tracking mechanism	▪ Yi ▪ Lakshman ▪ Nick	▪ Complete 1st draft by May 30th	▪ Finalize plan by June 3rd

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Major Changes to the Program to Meet New Regulatory Expectations

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Before

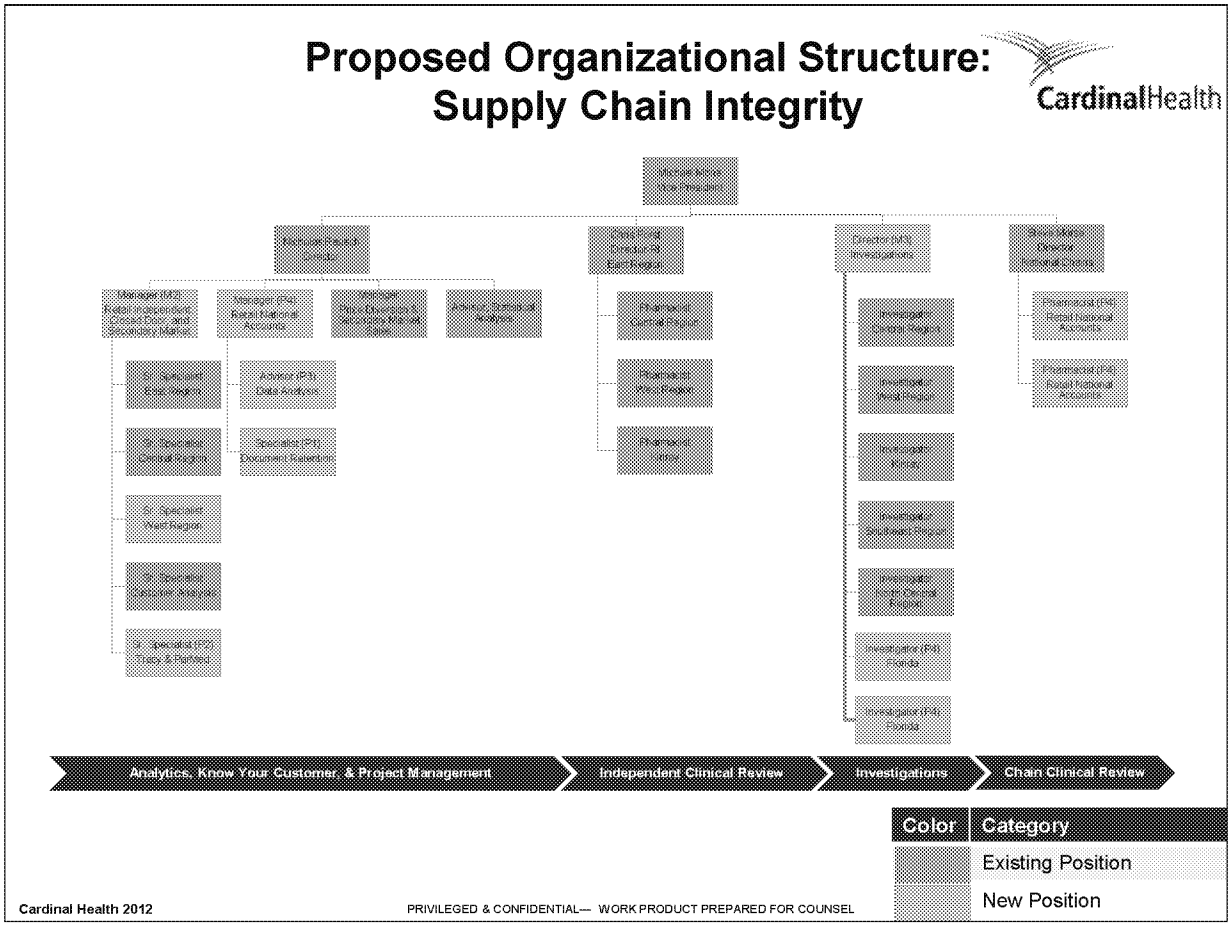
- Primary focus on retail independent customers
- Equal emphasis on all controlled substance drug families
- Focus on suspicious customers
- Significant reliance on Chain Customers to investigate and address SOM events
- Reliance on internal expertise (Pharmacists)
- Limited engagement from sales group
- Limited interaction with upstream business partners and large downstream business partners
- Single decision making process for most decisions (SOM Team)
- Limited checks and balances
- Heavy workload at the end of the month

Enhancements

- Equal focus for retail independent and chain customers
- Heavy emphasis on highly diverted controlled substance drug families
- More focus on suspicious orders
- Comprehensive review of chain events (Data + Visits)
- Reliance on internal and external expertise (Pharmacists + DEA Antidiversion)
- Full engagement from sales group
- Routine interactions with upstream business partners and large downstream business partners
- Escalating decision making process for high risk/critical decisions
- Additional checks and balances
- Workload more evenly distributed

Additional Workload

- Ambulatory Care
- Project Tracy
- Chains
- Safeway
- Serving Wags as primary for C2s in FL


Proposed Organizational Structure:
Supply Chain Integrity
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Analytics, Know Your Customer, & Project Management
Independent Clinical Review
Investigations
Chain Clinical Review
Color
Category
Existing Position
New Position
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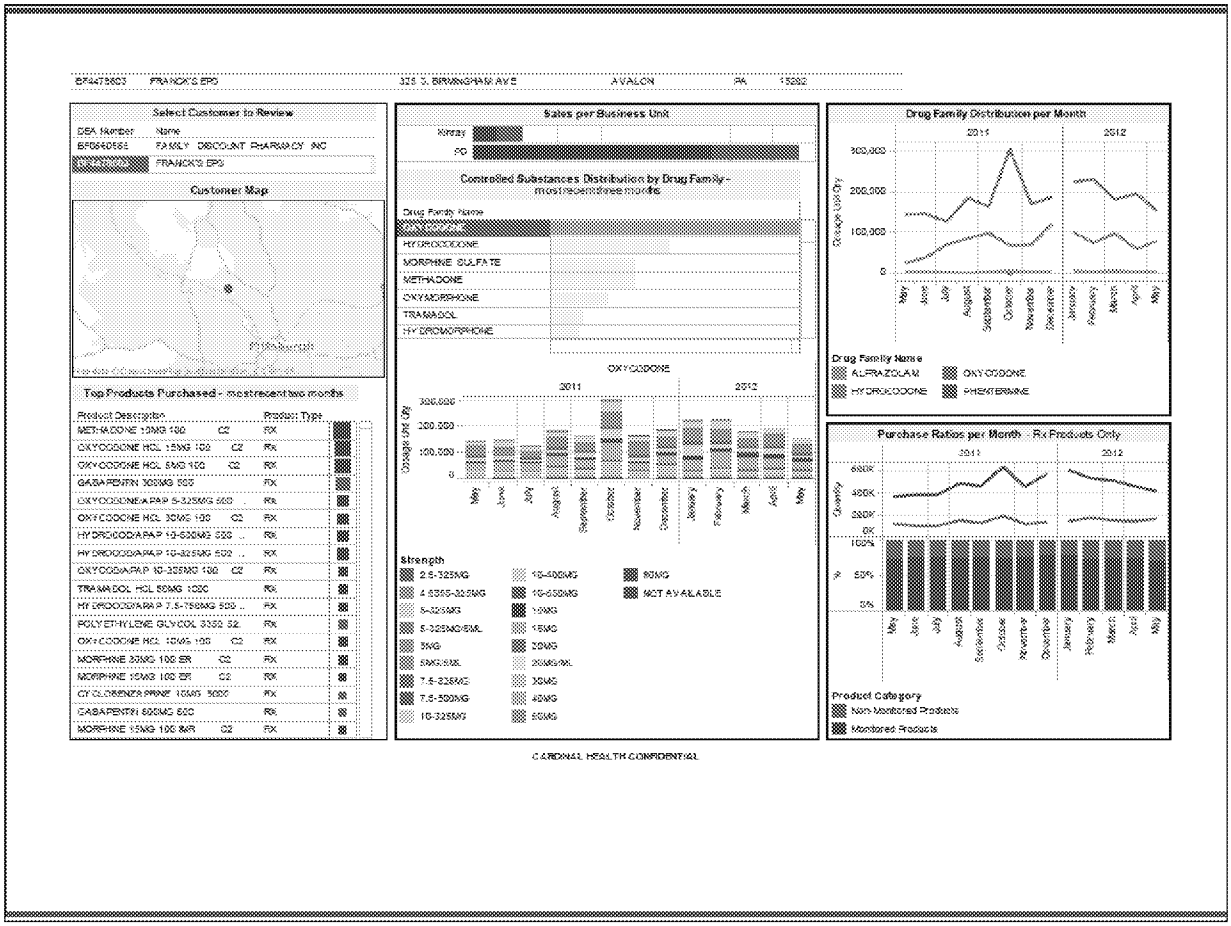
Challenges and Risks

- **High volume customers with more than 3% of their prescriptions being for a highly diverted drug family**
  - ***DEA reacts to volume, high volume = diversion***
  - ***Customer practices can change over time***
  - ***A bullet proof file may not be enough to avoid action***
- **System still relies on judgment**
  - ***Need more conservative approach for high volume customers***
- **Opportunity to obtain consistent feedback from the agency is limited**
  - ***Clarity in the regulations to ensure compliance with agency expectations***
  - ***Need to finds way to open the lines of communications***


BF4475803 FRANCK'S EPD 325 S. BIRMINGHAM AVE AVALON PA 16202
Select Customer to Review
DEA Number Name
BF0640584 FAMILY DISCOUNT PHARMACY INC
BF4475803 FRANCK'S EPD
Customer Map
Top Products Purchased - most recent two months
Product Description Product Type
METHADONE 10MG 100 C2 RX
OXYCODONE HCL 15MG 100 C2 RX
OXYCODONE HCL 5MG 100 C2 RX
GABAPENTIN 300MG 900 RX
OXYCODONE/APAP 5-325MG 500 RX
OXYCODONE HCL 30MG 100 C2 RX
HYDROCODO/APAP 10-325MG 500 RX
HYDROCODO/APAP 10-325MG 500 RX
OXYCODA/PAP 10-325MG 100 C2 RX
TRAMADOL HCL 50MG 100 RX
HYDROCODO/APAP 7.5-750MG 500 RX
POLYETHYLENE GLYCOL 3350 52 RX
OXYCODONE HCL 10MG 100 C2 RX
MORPHINE 30MG 100 ER C2 RX
MORPHINE 15MG 100 ER C2 RX
CYCLOBENZAPRINE 10MG 5000 RX
GABAPENTIN 600MG 500 RX
MORPHINE 15MG 100 IMR C2 RX
Sales per Business Unit
Kinray
PD
Controlled Substances Distribution by Drug Family - most recent three months
Drug Family Name
OXYCODONE
HYDROCODONE
MORPHINE SULFATE
METHADONE
OXYMORPHONE
TRAMADOL
HYDROMORPHONE
OXYCODONE
2011
2012
Dosage Unit Qty
300,000
200,000
100,000
0
May
June
July
August
September
October
November
December
January
February
March
April
May
Strength
2.5-325MG
4.5385-325MG
5-325MG
5-325MG/5ML
5MG
5MG/5ML
7.5-325MG
7.5-500MG
10-325MG
10-500MG
10-650MG
10MG
15MG
20MG
20MG/ML
30MG
40MG
60MG
80MG
NOT AVAILABLE
Drug Family Distribution per Month
2011
2012
Dosage Unit Qty
300,000
200,000
100,000
0
Drug Family Name
ALPRAZOLAM
OXYCODONE
HYDROCODONE
PHENTERMINE
Purchase Ratios per Month - Rx Products Only
2011
2012
Quantity
600K
400K
200K
0K
%
100%
50%
0%
Product Category
Non-Monitored Products
Monitored Products
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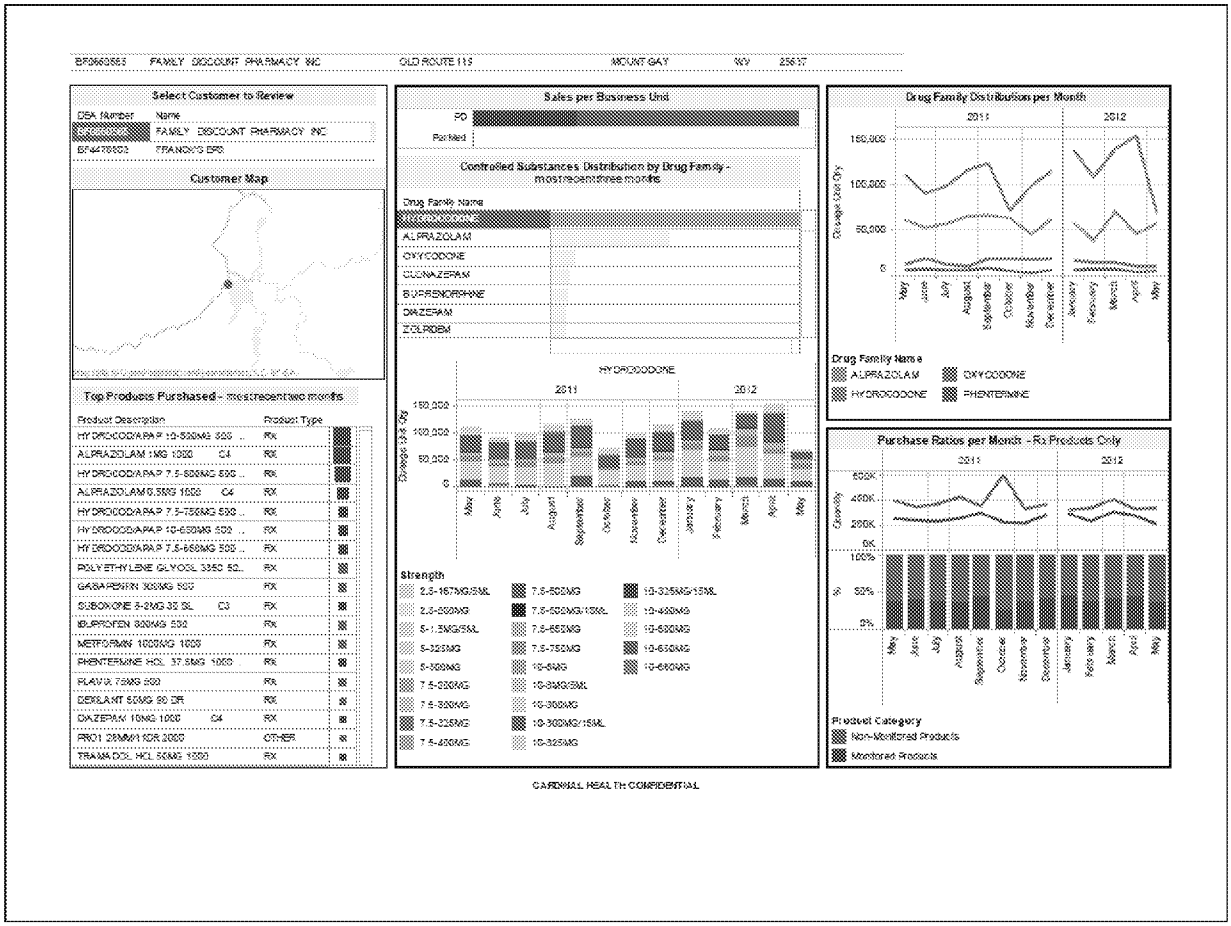
Select Customer to Review
DEA Number
Name
FAMILY DISCOUNT PHARMACY INC
FRANCO'S DRG
Customer Map
Top Products Purchased - most recent two months
Product Description
Product Type
Sales per Business Unit
PD
Parked
Controlled Substances Distribution by Drug Family - most recent three months
Drug Family Name
ALPRAZOLAM
OXYCODONE
CLONAZEPAM
BUPRENORPHINE
DIAZEPAM
ZOLPIDEM
HYDROCODONE
2011
2012
Strength
Drug Family Distribution per Month
Dosage Unit Qty
ALPRAZOLAM
OXYCODONE
HYDROCODONE
PHENTERMINE
Purchase Ratios per Month - Rx Products Only
Quantity
%
Product Category
Non-Monitored Products
Monitored Products
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New Approach Needed for High Volume Customers

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- **Options**
  - ***Increase due diligence of customer***
    - Monthly independent 3rd party review charged to customer
    - Unannounced sales visit
    - Customer will be terminated if any deficiencies are found
  - ***Reduced customer thresholds***
    - Can only source controlled substances from Cardinal
    - Assurances and periodic review of account to ensure compliance with requirements
  - ***Allow customer to exit contract within 30 days***

The Bottom Line

- Agency collaboration and clear regulations are needed to ensure industry compliance
- No system or program is bullet proof in this current regulatory environment.
  - *Contingency Planning is critical*
- Our enhanced program primary objective is risk mitigation